

Background

SNC staff has had almost one year of experience administering the initial Proposition 84 Grants. We have learned a great deal in the process and have received numerous comments and suggestions from applicants and others to improve both the process and instructions to applicants. In addition, our own observations have led to a number of policy modification and process improvement suggestions. In response to these comments and suggestions, we will be proposing changes to the Grants Guidelines for 2008-09 Proposition 84 Grants. Because several potential changes involve key policy-level issues, we have presented proposed changes in this report and invite direction from the Board before drafting revised guidelines for public review. We will also be including a number of potential process and administrative changes in the Guidelines and Grant Application Package, with the goal of the grants program becoming streamlined, better understood and providing a higher degree of "user friendliness." Final draft Grants Guidelines will be brought to the Board for review and approval in June.

Current Status

Staff has begun collecting data, organizing materials, and drafting selected policy modification language for potential changes. The policies that appear to hold the highest need or desire for modification include the following:

Grant Categories

Based on our experience this year, staff recommends that modifications to grant category funding levels be made as follows:

- The Competitive Grant category would be modified to include projects between \$250,000 and \$1,000,000. Current funding limits are \$100,000 to \$1,000,000.
- Strategic Opportunity Grants (SOG) categories would be modified as follows:
 - SOG 1 -- Acquisitions and site improvements/restoration projects between \$5,000 and \$250,000. Currently projects have no minimum limit and an upper limit of \$100,000.
 - SOG 2 -- All projects that are not acquisition or site improvement /restoration up to \$500,000. Currently, these projects are divided into two SOG categories (SOG 2 and SOG 3) and have no upper limit.

Grant Cycles

We have established a goal of maintaining flexibility in our grant program in order to address the Region's needs in a timely fashion. At the same time, there are important workload considerations relating to processing and evaluating grant applications in an effective and efficient manner. In the current year, staff was responsible for processing

and evaluating Competitive and SOG applications at the same time. This included a great deal of interaction with applicants to ensure that the information needed for projects was received.

In light of this year's experience, staff proposes modifying grant cycles for 2008-09 to include two Strategic Opportunity Grant rounds, with grants being awarded at the December 2008 and June 2009 Board meetings. Competitive grants would continue to have one round with grants being awarded at the March 2009 Board meeting. This schedule will maintain a degree of flexibility while providing for a more manageable flow of workload.

Regulatory Compliance

It is proposed that the guidelines be modified to clearly state that grant funding may not be used to meet regulatory requirements or to address non-compliance of any law or regulation. Currently, there is no specific exclusion language in the SNC Grant Guidelines. We have received a few inquiries regarding this matter and it appears prudent to be clear in our guidelines on this subject.

NEPA/CEQA

SNC funding requires that all projects comply with the California Environmental Quality Act (CEQA). Project proposals on federal land or where a federal agency is the applicant must also meet National Environmental Policy Act (NEPA) requirements. It is proposed that guideline language clarify the need for CEQA compliance in addition to NEPA compliance, in order to receive SNC funds. This issue has proven to be significant and a number of projects have not been recommended for approval because of it.

Next Steps

Following direction from the Board on the policy issues identified in this staff report, staff will prepare a public review draft of the 2008-09 Guidelines. We are currently planning to release the draft on April 9, 2008, accepting public comment for approximately 30 days. A number of public meetings including web conferences will be scheduled to gather input and staff will interact with various stakeholders during this time. A final draft set of Guidelines will be presented to the Board at the June meeting.

Recommendation

No action is needed by the Board at this time. Staff will prepare draft guidelines, conduct public comment process and prepare final draft guidelines to be considered by the Board in June. The Chair may wish to appoint a committee of the Board to provide guidance to staff on this matter.